

Financial Statements



INDEPENDENT AUDITOR'S REPORT

To the President of the Senate and the Speaker of the House of Representatives

Scope

I have audited the accompanying financial statements of the Department of Parliamentary Services for the year ended 30 June 2007, which comprise: a statement by the Chief Executive and Chief Finance Officer; Income Statement; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedules of Commitments, Contingencies and Administered Items; a summary of significant accounting policies; and other explanatory notes.

The Responsibility of the Chief Executive for the Financial Statements

The Department of Parliamentary Services' Chief Executive is responsible for the preparation and fair presentation of the financial statements in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997* and the Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Department of Parliamentary Services' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department of Parliamentary Services' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Department of Parliamentary Services' Chief Executive, as well as evaluating the overall presentation of the financial statements.

Financial statements

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the ethical requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion, the financial statements of the Department of Parliamentary Services:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, and the Australian Accounting Standards (including the Australian Accounting Interpretations); and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Department of Parliamentary Services' financial position as at 30 June 2007 and of its financial performance and its cash flows for the year then ended.

Australian National Audit Office



Jocelyn Ashford
Executive Director

Delegate of the Auditor-General

Canberra
22 August 2007

**DEPARTMENT OF PARLIAMENTARY SERVICES
STATEMENT BY THE CHIEF EXECUTIVE AND CHIEF FINANCE OFFICER**

In our opinion, the attached financial statements for the year ended 30 June 2007 have been prepared based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.



Hilary Penfold QC
Secretary

22 August 2007



Judith Konig FCPA
Chief Finance Officer

22 August 2007

Financial statements

DEPARTMENT OF PARLIAMENTARY SERVICES

INCOME STATEMENT

for the period ended 30 June 2007

	Notes	2007 \$'000	2006 \$'000
INCOME			
Revenue			
Revenue from Government	3A	114,860	112,850
Sale of goods and rendering of services	3B	5,150	5,372
Rental income	3C	1,160	1,142
Other revenues	3D	300	257
Total revenue		121,470	119,621
Gains			
Sale of assets	3E	33	-
Other gains	3F	138	1
Total gains		171	1
Total Income		121,641	119,622
EXPENSES			
Employee benefits	4A	62,288	58,255
Suppliers	4B	40,756	42,305
Depreciation and amortisation	4C	14,981	17,830
Finance costs	4D	1	14
Write-down and impairment of assets	4E	110	-
Losses from asset sales	4F	-	279
Total Expenses		118,136	118,683
Surplus (Deficit) before income tax		3,505	939
Income tax equivalent expense		-	-
Surplus (Deficit) attributable to the Australian Government		3,505	939

The above statement should be read in conjunction with the accompanying notes.

Financial statements**DEPARTMENT OF PARLIAMENTARY SERVICES****BALANCE SHEET***as at 30 June 2007*

	Notes	2007 \$'000	2006 \$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	5A	1,457	1,087
Trade and other receivables	5B	57,564	46,881
Total financial assets		59,021	47,968
Non-Financial Assets			
Infrastructure, plant and equipment	6A,B	40,512	46,777
Intangibles	6C	8,485	10,746
Inventories	6D	233	209
Other non-financial assets	6E	1,247	993
Total non-financial assets		50,477	58,725
Total Assets		109,498	106,693
LIABILITIES			
Payables			
Suppliers	7A	2,437	2,792
Other payables	7B	55	198
Total payables		2,492	2,990
Interest Bearing Liabilities			
Leases	8	-	55
Total interest bearing liabilities		-	55
Provisions			
Employee provisions	9	16,603	16,781
Total provisions		16,603	16,781
Total Liabilities		19,095	19,826
Net Assets		90,403	86,867
EQUITY			
Parent Equity Interest			
Contributed equity		85,507	85,507
Reserves		1,378	1,347
Retained surplus (accumulated deficits)		3,518	13
Total Equity		90,403	86,867
Current Assets		60,501	49,170
Non-Current Assets		48,997	57,523
Current Liabilities		17,222	17,841
Non-Current Liabilities		1,873	1,985

The above statement should be read in conjunction with the accompanying notes.

DPS Annual Report 2006-07

Financial statements

DEPARTMENT OF PARLIAMENTARY SERVICES

STATEMENT of CHANGES in EQUITY

as at 30 June 2007

	Accumulated results		Asset revaluation reserve		Contributed Equity/Capital		Total equity	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Opening balance								
Balance carried forward from previous period	13	(926)	1,347	1,033	85,507	85,031	86,867	85,138
Adjustment for errors	-	-	-	-	-	-	-	-
Adjustment for changes in accounting policies	-	-	-	-	-	-	-	-
Adjusted opening balance	13	(926)	1,347	1,033	85,507	85,031	86,867	85,138
Income and expense								
Revaluation adjustment	-	-	31	314	-	-	31	314
Sub-total income and expenses recognised directly in equity	-	-	31	314	-	-	31	314
Surplus (deficit) for the period	3,505	939	-	-	-	-	3,505	939
Total income and expenses attributable to the Australian Government	3,505	939	31	314	-	-	3,536	1,253
Transactions with owners								
Distributions to owners								
Returns on capital:								
Dividends	-	-	-	-	-	-	-	-
Contributions by owners								
Appropriation (equity injection)	-	-	-	-	-	476	-	476
Restructuring (Note 10)	-	-	-	-	-	-	-	-
Sub-total transactions with owners	-	-	-	-	-	476	-	476
Transfers between equity components	-	-	-	-	-	-	-	-
Closing balance at 30 June attributable to the Australian Government	3,518	13	1,378	1,347	85,507	85,507	90,403	86,867

The above statement should be read in conjunction with the accompanying notes.

Financial statements**DEPARTMENT OF PARLIAMENTARY SERVICES****CASH FLOW STATEMENT***for the period ended 30 June 2007*

	Notes	2007 \$'000	2006 \$'000
OPERATING ACTIVITIES			
Cash received			
Goods and services		7,146	6,051
Appropriations		103,993	103,861
Net GST received		4,385	4,532
Other cash received		741	132
Total cash received		116,265	114,576
Cash used			
Employees		63,790	58,204
Suppliers		45,722	47,706
Borrowing costs		1	14
Total cash used		109,513	105,924
Net cash from or (used by) operating activities	10	6,752	8,652
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		90	34
Total cash received		90	34
Cash used			
Purchase of property, plant and equipment		4,871	4,814
Purchase of intangibles		1,640	3,413
Total Cash Used		6,511	8,227
Net cash from or (used by) investing activities		(6,421)	(8,193)
FINANCING ACTIVITIES			
Cash Received			
Appropriations - contributed equity		39	310
Total cash received		39	310
Net cash from or (used by) financing activities		39	310
Net increase or (decrease) in cash held		370	769
Cash at the beginning of the reporting period		1,087	318
Cash at the end of the reporting period	5A	1,457	1,087

The above statement should be read in conjunction with the accompanying notes.

Financial statements**DEPARTMENT OF PARLIAMENTARY SERVICES****SCHEDULE OF COMMITMENTS**

as at 30 June 2007

	2007	2006
	\$'000	\$'000
BY TYPE		
Commitments receivable		
Sublease rental income	(260)	(781)
GST recoverable on commitments	(2,455)	(1,551)
Total Commitments receivable	(2,715)	(2,332)
Capital commitments		
Infrastructure, Plant and Equipment ¹	366	758
Intangibles	234	140
Total capital commitments	600	898
Other commitments		
Operating leases ²	366	1,365
Other commitments ³	26,038	14,801
Total other commitments	26,404	16,166
Net commitments by type	24,289	14,732
BY MATURITY		
Commitments receivable		
Operating lease income		
One year or less	(116)	(522)
From one to five years	(144)	(259)
Total operating lease income	(260)	(781)
Other commitments receivable		
One year or less	(1,173)	(817)
From one to five years	(1,282)	(734)
Total other commitments receivable	(2,455)	(1,551)
Commitments payable		
Capital commitments		
One year or less	600	898
Total capital commitments	600	898
Operating lease commitments		
One year or less	333	1,162
From one to five years	33	203
Total operating lease commitments	366	1,365
Other commitments		
One year or less	11,972	6,922
From one to five years	14,066	7,879
Total other commitments	26,038	14,801
Net Commitments by maturity	24,289	14,732

NB : Commitments are GST inclusive where relevant.

- Infrastructure, plant and equipment commitments are primarily for purchase of equipment and services for IT system assets and furniture and fittings.
- Operating leases included are effectively non-cancellable and comprise agreements for the provision of motor vehicles and storage facilities.

<i>Nature of lease</i>	<i>General description of leasing arrangement</i>
Motor vehicles	No contingent rentals exist. There are no renewal or purchase options available to DPS.
Storage facilities	Relates to warehouse space at Queanbeyan. The lease agreement is for a period of 5 years, ending in January 2008. Lease payments are subject to annual increases linked to CPI movements.

- Other commitments are comprised of long term contracts in force as at 30 June 2007, where total consideration is greater than \$100,000, and outstanding purchase orders at 30 June 2007, where the goods and services were ordered but not received by 30 June 2007

The above schedule should be read in conjunction with the accompanying notes.

Financial statements

DEPARTMENT OF PARLIAMENTARY SERVICES			
SCHEDULE OF ADMINISTERED ITEMS			
	Notes	2007	2006
		\$'000	\$'000
Income administered on behalf of government			
<i>for the period ended 30 June 2007</i>			
Revenue			
Other	16	<u>11</u>	<u>3</u>
Total revenues administered on behalf of government		<u>11</u>	<u>3</u>
Expenses administered on behalf of government			
<i>for the period ended 30 June 2007</i>			
Depreciation and amortisation	17	49,262	41,036
Write-down and impairment of assets	17	34	4,106
Value of assets sold	17	<u>-</u>	<u>19</u>
Total expenses administered on behalf of government		<u>49,296</u>	<u>45,161</u>
Assets administered on behalf of government			
<i>as at 30 June 2007</i>			
Financial assets			
Receivables	18	<u>77</u>	<u>81</u>
Total financial assets		<u>77</u>	<u>81</u>
Non-financial assets			
Land and buildings	18	1,648,158	1,641,182
Infrastructure, plant and equipment	18	5,334	28,159
Heritage and cultural assets	18	<u>58,909</u>	<u>58,624</u>
Total non-financial assets		<u>1,712,401</u>	<u>1,727,965</u>
Total assets administered on behalf of government		<u>1,712,478</u>	<u>1,728,046</u>
Liabilities administered on behalf of government			
<i>as at 30 June 2007</i>			
Payables			
Suppliers	19	<u>3</u>	<u>107</u>
Total liabilities administered on behalf of government		<u>3</u>	<u>107</u>

This schedule should be read in conjunction with the accompanying notes.

Financial statements

DEPARTMENT OF PARLIAMENTARY SERVICES			
SCHEDULE OF ADMINISTERED ITEMS (continued)			
		2007	2006
	Notes	\$'000	\$'000
Administered Cash Flows			
<i>for the period ended 30 June 2007</i>			
OPERATING ACTIVITIES			
Cash received			
Net GST received		433	1,338
Other revenue		8	-
Other receipts		3	-
Total cash received		444	1,338
Cash used			
GST paid to Suppliers		(432)	(950)
Cash returned to Appropriation for:			
- GST returned		(354)	-
- Other		(3)	-
Cash to Official Public Account:			
- GST returned		(79)	(1,338)
- Other		(8)	(1)
Total cash used		(876)	(2,289)
Net cash from or (used by) Operating Activities		(432)	(951)
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment	16	-	1
Total cash received		-	1
Cash used			
Purchase of property, plant and equipment		(4,319)	(9,571)
Total cash used		(4,319)	(9,571)
Net cash from or (used by) Investing Activities		(4,319)	(9,570)
FINANCING ACTIVITIES			
Cash received			
Assets and Liability Appropriation		4,751	-
Cash from Official Public Account for:			
- Appropriations		-	9,571
- GST Annotations Appropriation under s 30A		-	950
Total cash received		4,751	10,521
Net cash from or (used by) Financing Activities		4,751	10,521
Net Increase (Decrease) in Cash Held			
Cash at the beginning of the reporting period		-	-
Cash at End of Reporting Period	21	-	-

This schedule should be read in conjunction with the accompanying notes.

Financial statements

DEPARTMENT OF PARLIAMENTARY SERVICES			
SCHEDULE OF ADMINISTERED ITEMS (continued)			
	Notes	2007 \$'000	2006 \$'000
Administered Commitments			
<i>as at 30 June 2007</i>			
BY TYPE			
Commitments receivable			
Other commitments receivable			
GST recoverable on commitments		(305)	(345)
Total other commitments receivable		<u>(305)</u>	<u>(345)</u>
Commitments payable			
Capital commitments			
Infrastructure, plant and equipment		3,359	3,792
Total capital commitments		<u>3,359</u>	<u>3,792</u>
Net commitments by type		<u>3,054</u>	<u>3,447</u>
BY MATURITY			
Commitments receivable			
Other commitments receivable			
One year or less		(305)	(345)
Total other commitments receivable		<u>(305)</u>	<u>(345)</u>
Commitments payable			
Capital commitments			
One year or less		3,359	3,792
Total capital commitments		<u>3,359</u>	<u>3,792</u>
Net commitments by maturity		<u>3,054</u>	<u>3,447</u>

NB : Commitments are GST inclusive where relevant.

Administered Contingencies

as at 30 June 2007

There were no contingencies or remote or unquantifiable contingencies at balance date.

Statement of activities administered on behalf of the Australian Government

The major administered activities of the Department of Parliamentary Services are directed towards achieving the outcome described in Note 1 to the Financial Statements. Details of planned activities can be found in the Agency Portfolio Budget Statements for 2006-07, which have been tabled in Parliament.

This schedule should be read in conjunction with the accompanying notes.

Financial statements

DEPARTMENT OF PARLIAMENTARY SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the financial year ended 30 June 2007

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Notes to and forming part of the Financial Statements

Note 1 Summary of Significant Accounting Policies

1.1 Objectives of the Department of Parliamentary Services (DPS)

DPS is an Australian Parliamentary Service organisation. The objective of DPS is to serve the Australian people by supporting the Parliament and caring for Parliament House.

DPS is structured to meet one outcome. This outcome is:

Occupants of Parliament House are supported by integrated services and facilities, Parliament functions effectively and its work and building are accessible to the public.

The Department's activities contributing towards this outcome are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by DPS in its own right. Administered activities involve the management or oversight by DPS, on behalf of the Government, of items controlled or incurred by the Government.

The department's outcome is measured by the following outputs:

OUTPUT 1 – Library services

An effective knowledge centre for the Parliament through the provision of information, analysis and advice.

- 1.1 Research services.
- 1.2 information access services.

OUTPUT 2 – Building and occupant services

An efficiently functioning, safe and secure environment for Senators, Members, other building occupants and visitors.

- 2.1 Security services.
- 2.2 Facilities services.

OUTPUT 3 – Infrastructure services

Integrated services and facilities through the provision of maintenance, infrastructure and support services.

- 3.1 Building infrastructure services.
- 3.2 IT infrastructure services.

OUTPUT 4 – Parliamentary records services

Access to the work of the Parliament through the provision of audio-visual and Hansard records of proceedings of Parliament.

- 4.1 Broadcasting services.
- 4.2 Hansard services.

The Administered item

WORKS PROGRAM—Preservation of the heritage value of Parliament House and surrounds.

The continued existence of DPS in its present form and with its present programs is dependent on Government policy and on continued appropriations by Parliament for DPS administration and programs.

Financial statements

Notes to and forming part of the Financial Statements

1.2 Basis of Preparation of the Financial Report

The Financial Statements and notes are required by section 49 of the *Financial Management and Accountability Act 1997* and are a general purpose financial report.

The Financial Statements and notes have been prepared in accordance with:

- Finance Minister's Orders (or **FMOs**), for reporting periods ending on or after 1 July 2006;
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**) that apply for the reporting period including Interpretations issued by the AASB that apply for the reporting period.

The Financial Report has been prepared on an accrual basis and is in accordance with historical cost convention, except for certain assets at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The Financial Report is presented in Australian dollars, and values are rounded to the nearest thousand dollars unless disclosure of the full amount is specifically required.

Unless alternative treatment is specifically required by an Accounting Standard or FMOs, assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow to DPS and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements that are equally proportionately unperformed are not recognised unless required by an Accounting Standard. Liabilities and assets that are unrealised are reported in the Schedule of Commitments and the Schedule of Contingencies (other than unquantifiable or remote contingencies, which are reported at Note 11).

Unless alternative treatment is specifically required by an Accounting Standard, revenues and expenses are recognised in the Income Statement when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

Administered revenues, expenses, assets and liabilities and cash flows reported in the Schedule of Administered Items and related notes are accounted for on the same basis and using the same policies as for departmental items, except where otherwise stated at Note 1.24.

1.3 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, DPS has made the following judgements that have the most significant impact on the amounts recorded in the financial statements:

- The fair value of land and buildings has been taken to be the market value subject to restricted use clause as determined by an independent valuer. Parliament House is purpose-built and may in fact realise more or less in the market.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

1.4 Statement of Compliance

Australian Accounting Standards require a statement of compliance with International Financial Reporting Standards (IFRSs) to be made where the financial report complies

Notes to and forming part of the Financial Statements

with these standards. Some Australian equivalents to IFRSs and other Australian Accounting Standards contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements. DPS is a not-for-profit entity and has applied these requirements, so while this financial report complies with Australian Accounting Standards including Australian Equivalents to International Financial Reporting Standards (AEIFRSs) it cannot make this statement.

Adoption of new Australian Accounting Standard requirements

No accounting standard has been adopted earlier than the effective date in the current period.

DPS is required to disclose Australian Accounting Standards and Interpretations which have been issued but are not yet effective that have not been early-adopted by DPS. The following amendments, revised standards or interpretations have become effective but have had no financial impact or do not apply to the operations of DPS.

Amendments:

- 2005-1 Amendments to Australian Accounting Standards [AASBs 1, 101, 124]
- 2005-4 Amendments to Australian Accounting Standards [AASB 139, AASB 132, AASB 1, AASB 1023 and AASB 1038]
- 2005-5 Amendments to Australian Accounting Standards [AASB 1 and AASB 139]
- 2005-6 Amendments to Australian Accounting Standards [AASB 3]
- 2005-9 Amendments to Australian Accounting Standards [AASB 4, AASB 1023, AASB 139 and AASB 132]
- 2006-1 Amendments to Australian Accounting Standards [AASB 121]
- 2006-3 Amendments to Australian Accounting Standards [AASB 1045]

Interpretations:

- UIG 4 Determining whether an Arrangement contains a Lease
- UIG 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- UIG 7 Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies
- UIG 8 Scope of AASB 2
- UIG 9 Reassessment of Embedded Derivatives

UIG 4 and UIG 9 might have impacts in future periods, subject to existing contracts being renegotiated.

Future Australian Accounting Standard requirements

The following new standards, amendments to standards or interpretations have been issued by the Australian Accounting Standards Board but are effective for future reporting periods. It is estimated that the impact of adopting these pronouncements when effective will have no material financial impact on future reporting periods.

Financial instrument disclosure

AASB 7 Financial Instruments: Disclosures is effective for reporting periods beginning on or after 1 January 2007 (the 2007-08 financial year) and amends the disclosure requirements for financial instruments. In general AASB 7 requires greater disclosure than that presently. Associated with the introduction of AASB 7 a number of accounting standards were amended to reference the new standard or remove the present disclosure requirements through 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]. These changes have no financial impact but will affect the disclosure presented in future financial reports.

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Notes to and forming part of the Financial Statements

Other

The following standards and interpretations have been issued but are not applicable to the operations of DPS.

- AASB 1049 Financial Reporting of General Government Sectors by Governments
- UIG 10 Interim Financial Reporting and Impairment.

1.5 Revenue

Revenue from Government

Amounts appropriated for departmental outputs for the year (adjusted for any formal additions or reductions) are recognised as revenue, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Appropriations receivable are recognised at their nominal amounts.

Resources Received Free of Charge

Resources received free of charge are recognised as revenue when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Resources received free of charge are recorded as either revenue or gains depending on their nature ie if they have been generated in the course of the ordinary activities of the Entity they are treated as revenue.

Other Revenue

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer;
- the seller retains no managerial involvement nor effective control over the goods;
- the revenue and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to DPS.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- the probable economic benefits of the transaction will flow to DPS.

Receivables for goods and services, which have 30 day terms, are recognised at nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collectability of the debt is no longer probable.

1.6 Gains

Resources Received Free of Charge

Resources received free of charge are recognised as gains when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government Agency or Authority as a consequence of a restructuring of administrative arrangements (Refer to Note 1.7).

Notes to and forming part of the Financial Statements

Resources received free of charge are recorded as either revenue or gains depending on their nature ie whether they have been generated in the course of the ordinary activities of the Entity.

Sale of Assets

Gains from disposal of non-current assets are recognised when control of the asset has passed to the buyer.

1.7 Transactions with the Government as Owner

Equity injections

Amounts appropriated which are designated as "equity injections" for a year (less any formal reductions) are recognised directly in Contributed Equity in that year.

Restructuring of Administrative Arrangements

Net assets received or relinquished to another Australian Government Agency or Authority under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

Other distributions to owners

The FMOs require that distributions to owners be debited to Contributed Equity unless they are in the nature of a dividend.

1.8 Employee Benefits

Liabilities for services rendered by employees are recognised at reporting date to the extent that they have not been settled.

Liabilities for "short-term employee benefits" (as defined in AASB 119) and termination benefits due within 12 months of balance date are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

All other employee benefit liabilities are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of DPS is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration, including DPS's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave was calculated using the shorthand method provided by the Australian Government Actuary. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and Redundancy

Provision is made for separation and redundancy payments in circumstances where DPS has made an offer of Voluntary Redundancy which has been accepted by a staff member and a reliable estimate of the total amount of the payment can be determined.

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Notes to and forming part of the Financial Statements

Superannuation

DPS staff are members of the Commonwealth Superannuation Scheme (**CSS**), the Public Sector Superannuation Scheme (**PSS**) or the PSS accumulation plan (**PSSap**).

The CSS and PSS are defined benefit schemes for the Commonwealth. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course.

DPS makes employer contributions to the Employee Superannuation Scheme at rates determined by an actuary to be sufficient to meet the cost to the Government of the superannuation entitlements of DPS's employees. DPS accounts for the contribution as if they were contributions to defined contribution plans.

From 1 July 2005, new employees are eligible to join the PSSap scheme.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final pay accrual of the reporting period, plus the anticipated superannuation contributions when staff take recreation and long service leave.

1.9 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets. An operating lease is a lease which is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract, and a liability recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight line basis which is representative of the pattern of benefits derived from the leased assets.

1.10 Borrowing Costs

All borrowing costs are expensed as incurred.

1.11 Cash

Cash means notes and coins held and the balances of DPS's bank accounts. Cash is recognised at its nominal amount.

1.12 Financial Risk Management

DPS's activities expose it to normal commercial financial risk. As a result of the nature of DPS's business, and internal and Australian Government policies dealing with the management of financial risk, DPS's exposure to market, credit, liquidity and cash flow and fair value interest rate risk is considered to be low.

Notes to and forming part of the Financial Statements

1.13 De-recognition of Financial Assets and Liabilities

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the asset is transferred to another Entity. In the case of a transfer to another Entity, it is necessary that the risks and rewards of ownership are also transferred.

Financial liabilities are de-recognised when the obligation under the contract is discharged or cancelled or expires.

1.14 Impairment of Financial Assets

Financial assets are assessed for impairment at each balance date.

Financial Assets held at Amortised Cost

If there is objective evidence that an impairment loss has been incurred for loans and receivables, or held-to-maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Income Statement.

Financial Assets held at Cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because it cannot be reliably measured, or a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

Available-for-Sale Financial Assets

If there is objective evidence that an impairment loss on an available-for-sale financial asset has been incurred, the amount of the difference between its cost, less principal repayments and amortisation, and its current fair value, less any impairment loss previously recognised in expenses, is transferred from equity to the Income Statement.

1.15 Supplier and Other Payables

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods and services have been received (and irrespective of having been invoiced).

1.16 Contingent Liabilities and Contingent Assets

Contingent Liabilities and Contingent Assets are not recognised in the Balance Sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset, or represent an existing liability or asset in respect of which settlement is not probable, or the amount cannot be reliably measured. Remote contingencies are part of this disclosure. Contingent Assets are reported when settlement is probable, and Contingent Liabilities are recognised when settlement is greater than remote.

1.17 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

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Notes to and forming part of the Financial Statements

Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor agency's accounts immediately prior to the restructuring.

1.18 Property, Plant and Equipment (PP&E)

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Balance Sheet, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total, or add to system assets).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Definition of Assets

In these statements, except for office equipment, technical equipment and furniture which are recorded as individual items, a reportable asset is a functional system in which component parts do not retain a separate identity and are not expected to be used by the department after the asset is disposed of.

All non-current depreciable assets are recognised in the financial statements if they belong to a class of assets which is represented by:

- complete functional systems valued at cost or independent valuation;
- work in progress valued at cost; or
- individual items at cost of acquisition or valuation of at least \$2,000.

The department identifies and records all assets individually for fraud control and management purposes.

All monographs added to the Library Collection are capitalised regardless of their individual value as they are regarded as part of a group of similar items significant in total.

Revaluations

Basis

Fair values for each class of asset are determined as shown below.

Asset class	Fair value measured at:
Land	Market selling price subject to restricted use clause
Buildings	Current replacement cost
Information Technology Assets	Market selling price or depreciated replacement cost
Communication Assets	Market selling price or depreciated replacement cost
Monitoring Assets	Market selling price or depreciated replacement cost

Notes to and forming part of the Financial Statements

Asset class	Fair value measured at:
Furniture and Equipment	Market selling price or depreciated replacement cost
Library Collection	Market selling price or depreciated replacement cost
Security Infrastructure	Depreciated replacement cost
Heritage and Cultural Assets	Market selling price

Following initial recognition at cost, property, plant and equipment and heritage and cultural assets are carried at fair value less accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised through surplus and deficit. Revaluation decrements for a class of assets are recognised directly through surplus and deficit except to the extent that they reverse a previous revaluation increment for that class.

Work-in-progress

If, at 30 June 2007, an asset is not fully constructed, the expenditure will be disclosed separately as "work in progress". Depreciation will not be set until the project has been completed to a stage where it can provide a service to the department.

Depreciation and Amortisation

An asset is depreciated from the time it is first put into or held ready for use. When an asset is a complex structure made up of interdependent substructures which require installation at successive stages, it is considered as being ready for use only after installation has been completed to a stage where it can provide a service to the department.

Depreciable property, plant and equipment assets are written off to their estimated residual values over their estimated useful life to DPS. Depreciation is calculated using either the straight-line method which is consistent with the pattern of usage or the diminishing value method which is consistent with the market selling price.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current or current and future reporting periods as appropriate.

Heritage and Cultural assets are not depreciated. At the time of the 2004-05 revaluation, depreciation on heritage and cultural assets was calculated at 1.03% of the total value which is not material.

Financial statements

Notes to and forming part of the Financial Statements

Depreciation rates applying to each class of depreciable assets are based on the following useful lives:

	2007	2006
Building	20 to 200 years	20 to 200 years
IT Assets	2 to 20 years	2 to 20 years
Communication Assets	4 to 25 years	4 to 25 years
Monitoring Assets	3 to 20 years	3 to 20 years
Furniture and Equipment	2 to 50 years	2 to 50 years
Library Collection	3 to 30 years	3 to 30 years
Security Infrastructure	3 to 25 years	3 to 25 years

Impairment

All assets were assessed for impairment at 30 June 2007. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if DPS were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

No indicators of impairment were found for assets at fair value.

1.19 Intangibles

Intangibles comprise internally-developed software for internal use and capital works-in-progress. These assets are carried at cost.

Software is amortised on a straight-line basis over its anticipated useful life. The useful life of the department's software is between 3 to 10 years (2005-06: 3 to 10 years). Capital works-in-progress are not depreciated.

All software assets were assessed for indications of impairment as at 30 June 2007, no indications of impairment were found.

1.20 Inventories

The Parliament Shop inventories are held for resale and are valued at the lower of cost or net realisable value. Costs are assigned to stock on a first-in-first-out basis.

1.21 Taxation

DPS is exempt from all forms of taxation except fringe benefits tax and the goods and services tax (GST).

Revenues, expenses and assets are recognised net of GST:

- except where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- except for receivables and payables.

1.22 Foreign Currency

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current as at reporting date. Associated currency gains and losses are not material.

Financial statements**Notes to and forming part of the Financial Statements****1.23 Insurance**

DPS has insured for risks through the Government's insurable risk-managed fund *Comcover*. Worker's compensation is insured through Comcare Australia.

1.24 Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the Schedule of Administered Items and related Notes.

Except where otherwise stated below, administered items are reported on the same basis and using the same policies as for Departmental items, including the application of Australian Accounting Standards.

Administered appropriations received or receivable from the Official Public Account (**OPA**) are not reported as administered revenues and assets respectively. Similarly, administered receipts transferred or transferable to the OPA are not reported as administered expenses or payables. These transactions and balances are internal to the Administered entity.

These transfers of cash are reported as administered operating cash flows and in the administered reconciliation table in Note 20.

Note 2 Events after the Balance Sheet date

No significant events have impacted on the department's operations after balance date.

Note 3 Income**Revenue****Note 3A Revenue from Government**

Appropriation:

Departmental outputs	114,860	112,850
Total revenue from Government	114,860	112,850

Note 3B Sale of goods and rendering of services

Provision of goods - related entities	6	4
Provision of goods - external entities	1,300	1,303
Total sale of goods	1,306	1,307
Rendering of services - related entities	3,013	3,270
Rendering of services - external entities	831	795
Total rendering of services	3,844	4,065
Total sale of goods and rendering of services	5,150	5,372

Financial statements

Notes to and forming part of the Financial Statements

	2007	2006
	\$'000	\$'000
Note 3C Rental income		
Parliament House space	1,160	1,142
Total rental income	1,160	1,142
Note 3D Other revenue		
Resources received free of charge	162	144
Other	138	113
Total other revenue	300	257
Gains		
Note 3E Sale of assets		
Information technology assets:		
Proceeds from sale	35	-
Carrying value of assets sold	(33)	-
Selling costs	(2)	-
<i>Net gain from sale of information technology assets</i>	-	-
Furniture and equipment assets:		
Proceeds from sale	55	-
Carrying value of assets sold	(17)	-
Selling costs	(5)	-
<i>Net gain from sale of furniture and equipment assets</i>	33	-
Total net gain from sale of assets	33	-
Note 3E Other gains		
Gain on revaluation	135	-
Other	3	1
Total other gains	138	1
Note 4 Expenses		
Note 4A Employee benefits		
Wages and salaries	45,714	44,507
Superannuation	7,411	7,295
Leave and other entitlements	6,323	5,177
Separation and redundancies	2,574	978
Other	266	298
Total employee benefits	62,288	58,255

Financial statements**Notes to and forming part of the Financial Statements**

	2007	2006
	\$'000	\$'000
Note 4B Suppliers		
Provision of goods - related entities	-	4
Provision of goods - external entities	5,415	4,933
Rendering of services - related entities	17,535	16,256
Rendering of services - external entities	15,972	18,983
Operating lease rentals	985	1,105
Workers' compensation premiums	849	1,024
Total supplier expenses	40,756	42,305
Note 4C Depreciation and Amortisation		
Depreciation:		
Infrastructure, plant and equipment	11,036	13,236
Total depreciation	11,036	13,236
Amortisation:		
Intangibles-Computer software	3,894	4,301
Leased assets	51	293
Total amortisation	3,945	4,594
Total depreciation and amortisation	14,981	17,830
The aggregate amounts of depreciation or amortisation expensed during the reporting period for each class of depreciable asset are as follows:		
Information technology assets	1,906	2,063
Communication assets	4,124	4,010
Monitoring assets	114	131
Furniture and equipment	640	1,122
Library collection	567	847
Security infrastructure	3,736	5,356
Intangibles-Computer software	3,894	4,301
Total depreciation and amortisation	14,981	17,830
Note 4D Finance costs		
Finance leases	1	14
Total finance costs	1	14

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Notes to and forming part of the Financial Statements

	2007	2006
	\$'000	\$'000
Note 4E Write-down and impairment of assets		
Plant and equipment write down	103	-
Intangibles-Computer software write down	7	-
Total write-down of assets	110	-
Note 4F Losses from assets sales		
Plant and equipment:		
Proceeds from sale	-	(34)
Carrying value of assets sold	-	313
Total losses from assets sales	-	279
Note 5 Financial Assets		
Note 5A Cash and cash equivalents		
Cash on hand	4	4
Deposits	1,453	1,083
Total cash and cash equivalents	1,457	1,087
Note 5B Trade and other receivables		
Goods and services	1,165	1,518
Appropriations receivable for existing outputs	55,693	44,865
GST receivable from the Australian Taxation Office	716	508
Total trade and other receivables (gross)	57,574	46,891
Less allowance for doubtful debts:		
Goods and services	(10)	(10)
Total trade and other receivables (net)	57,564	46,881
All receivables are current assets		
Receivables (gross) are aged as follows:		
Not overdue	57,530	46,448
Overdue by:		
less than 30 days	8	51
30 days to 60 days	35	4
61 days to 90 days	-	2
More than 90 days	1	386
Total receivables (gross)	57,574	46,891
The allowance for doubtful debts is aged as follows:		
Overdue by:		
More than 90 days	(10)	(10)
Total allowance for doubtful debts	(10)	(10)

Financial statements**Notes to and forming part of the Financial Statements**

	2007	2006
	\$'000	\$'000
Note 6 Non-Financial Assets		
<u>Note 6A—Infrastructure, plant and equipment</u>		
Information technology assets		
At fair value	23,366	22,413
Accumulated depreciation	(17,047)	(16,117)
Total information technology assets	6,319	6,296
Communication assets		
At fair value	73,667	73,138
Accumulated depreciation	(59,604)	(55,705)
Total communication assets	14,063	17,433
Monitoring assets		
At fair value	3,759	3,674
Accumulated depreciation	(3,066)	(3,044)
Total monitoring assets	693	630
Furniture and equipment		
At fair value	11,556	9,123
Accumulated depreciation	(9,166)	(6,703)
Total furniture and equipment	2,390	2,420
Library collection		
At fair value	7,554	7,360
Accumulated depreciation	(2,732)	(2,430)
Total library collection	4,822	4,930
Security infrastructure		
At fair value	62,690	64,799
Accumulated depreciation	(50,465)	(49,731)
Total security infrastructure	12,225	15,068
Total infrastructure, plant and equipment (non-current)	40,512	46,777

Plant and equipment under finance leases is subject to revaluation. The carrying amount is included in the valuation figures above and is separately disclosed in Table B below. All revaluations are conducted in accordance with the revaluation policy stated at Note 1.18. In 2006-07, an independent valuer A.F. Graham Certified Practising Valuer, Australian Valuation Office conducted the valuation.

Revaluation increment of \$31,951 for Furniture and Equipment (2006 increment: \$313,285 for Library Collection) was made to the Asset Revaluation Reserve. There was no revaluation decrement (2006 decrement: Nil). An amount of \$135,193 was recognised as a revaluation gain representing the reversal of a previous revaluation decrement that was expensed.

No indicators of impairment were found for infrastructure, plant and equipment.

Financial statements

Notes to and forming part of the Financial Statements

Note 6B Analysis of property, plant and equipment

TABLE A— Reconciliation of the opening and closing balances of property, plant and equipment (including Library Collection) 2006-07

Item	Information Technology assets \$'000	Communication assets \$'000	Monitoring Assets \$'000	Furniture and equipment \$'000	Library collection \$'000	Security assets \$'000	Total \$'000
As at 1 July 2006							
Gross book value	22,413	73,138	3,674	9,122	7,360	64,799	180,506
Accumulated depreciation/amortisation	(16,115)	(55,705)	(3,044)	(6,703)	(2,431)	(49,731)	(133,729)
Net book value 1 July 2006	6,298	17,433	630	2,419	4,929	15,068	46,777
Additions							
by purchase	1,962	762	178	465	546	894	4,807
Revaluations and impairment	-	-	-	167	-	-	167
Reclassification	2	-	-	(2)	-	-	-
Depreciation	(1,906)	(4,124)	(114)	(640)	(567)	(3,736)	(11,087)
Disposals:							
Value of assets sold	(37)	(8)	(1)	(19)	(86)	(1)	(152)
Net book value 30 June 2007	6,319	14,063	693	2,390	4,822	12,225	40,512
Net book value as of 30 June 2007 represented by:							
Gross book value	23,366	73,667	3,759	11,556	7,554	62,690	182,592
Accumulated Depreciation	(17,047)	(59,604)	(3,066)	(9,166)	(2,732)	(50,465)	(142,080)
	6,319	14,063	693	2,390	4,822	12,225	40,512

Notes to and forming part of the Financial Statements

Note 6B (continued) Analysis of property, plant and equipment

TABLE A—Reconciliation of the opening and closing balances of property, plant and equipment (including Library Collection) 2005-06

Item	Information Technology assets	Communication assets	Monitoring Assets	Furniture and equipment	Library collection	Security assets	Total
As at 1 July 2005							\$'000
Gross book value	22,754	70,843	3,538	8,941	6,449	64,869	177,394
Accumulated depreciation/amortisation	(15,637)	(51,695)	(2,935)	(5,751)	(1,406)	(44,374)	(121,798)
Net book value 1 July 2005	7,117	19,148	603	3,190	5,043	20,495	55,596
Additions							
by purchase	1,325	2,295	210	387	469	-	4,686
Revaluations and impairment through equity					314		314
Write down	-	-	-	-	-	-	-
Depreciation	(2,063)	(4,010)	(131)	(1,121)	(848)	(5,356)	(13,529)
Disposals:							
Value of assets sold	(81)	-	(52)	(37)	(49)	(71)	(290)
Net book value 30 June 2006	6,298	17,433	630	2,419	4,929	15,068	46,777
Net book value as at 30 June 2006 represented by:							
Gross book value	22,413	73,138	3,674	9,122	7,360	64,799	180,506
Accumulated Depreciation	(16,115)	(55,705)	(3,044)	(6,703)	(2,431)	(49,731)	(133,729)
	6,298	17,433	630	2,419	4,929	15,068	46,777

Financial statements

Notes to and forming part of the Financial Statements

Note 6B (continued) Analysis of Property, Plant and Equipment

TABLE B — Property, plant and equipment held under finance lease (2006-07)

Item	Property, Plant and Equipment \$'000
Net book value as at 30 June 2007 represented by:	
Gross Value	-
Accumulated depreciation/amortisation	-
Net book value	-
Net book value as at 30 June 2006 represented by:	
Gross Value	860
Accumulated depreciation/amortisation	(809)
<i>Net book value</i>	51

TABLE B — Property, plant and equipment held under finance lease (2005-06)

Item	Property, Plant and Equipment \$'000
Net book value as at 30 June 2006 represented by:	
Gross Value	860
Accumulated depreciation/amortisation	(809)
Net book value	51
Net book value as at 30 June 2005 represented by:	
Gross Value	860
Accumulated depreciation/amortisation	(516)
<i>Net book value</i>	344

TABLE C — Property, plant and equipment—work in progress

Item	Property, Plant and Equipment \$'000
Carrying amount as at 30 June 2007	2,951
Carrying amount as at 30 June 2006	3,105

Financial statements**Notes to and forming part of the Financial Statements**

	2007	2006
	\$'000	\$'000
Note 6C Intangibles		
Computer software at cost:		
Internally developed—in progress	2,473	1,935
Internally developed—in use	26,403	26,232
Accumulated amortisation	(20,391)	(17,421)
Total intangibles (non-current)	8,485	10,746

TABLE C - Reconciliation of the opening and closing balances of intangibles (2006-07)

Item	Computer software internally developed \$'000
As at 1 July 2006	
Gross book value	28,167
Accumulated amortisation	(17,421)
Net book value 1 July 2006	10,746
Additions	1,640
Amortisation expense	(3,894)
Disposals	(7)
Net book value 30 June 2007	8,485
Net book value as at 30 June 2007 represented by:	
Gross book value	28,876
Accumulated amortisation	(20,391)
	8,485

TABLE C - Reconciliation of the opening and closing balances of intangibles (2005-06)

Item	Computer software Internally developed \$'000
As at 1 July 2005	
Gross book value	24,801
Accumulated amortisation	(13,145)
Net book value 1 July 2005	11,656
Additions	3,413
Amortisation expense	(4,301)
Disposals	(22)
Net book value 30 June 2006	10,746
Net book value as at 30 June 2006 represented by:	
Gross book value	28,167
Accumulated amortisation	(17,421)
	10,746

Financial statements

Notes to and forming part of the Financial Statements

	2007	2006
	\$'000	\$'000
Note 6D Inventories		
Inventories held for sale—The Parliament Shop	233	209
Total inventories (current)	233	209

During 2006-07 \$643,344 of inventory held for sale was recognised as an expense (2005-06 \$652,659).

Note 6E Other non-financial assets		
Prepayments	1,247	993
Total other non-financial assets (current)	1,247	993

Note 7 Payables

Note 7A Suppliers

Trade creditors	486	248
Accrued expenses	1,951	2,544
Total supplier payables	2,437	2,792

Supplier payables are all current liabilities.

Note 7B Other payables

Unearned income	55	198
Total other payables	55	198

Other payables are represented by:

Current	55	155
Non-current	-	43

Note 8 Interest Bearing Liabilities

Total finance leases	-	55
Payable:		
Within one year		
Minimum lease payments	-	56
Deduct: future finance charges	-	(1)
Finance leases recognised in balance sheet	-	55

Finance leases existed in relation to the hire of computer equipment, peripherals and other equipment. The leases were non-cancellable and for fixed terms averaging 4 years, with a maximum of 5 years. The interest rate implicit in the lease averaged 5% (2006 5%). The lease assets secured the lease liabilities. There are no contingent rentals.

Financial statements**Notes to and forming part of the Financial Statements**

	2007	2006
	\$'000	\$'000
Note 9 Provisions		
<u>Employee provisions</u>		
Salaries and wages	357	580
Leave and other entitlements	15,138	14,974
Superannuation	878	1,081
Separations and redundancies	204	146
Other	26	-
Total employee provisions	16,603	16,781

Employee provisions are represented by:

Current	14,730	14,839
Non-current	1,873	1,942
Total employee provisions	16,603	16,781

Note 10 Cash Flow Reconciliation

	2007	2006
	\$'000	\$'000
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement		
Report cash and cash equivalents as per:		
Cash Flow Statement	1,457	1,087
Balance Sheet	1,457	1,087
Difference	-	-
Reconciliation of operating result to net cash from operating activities:		
Operating result	3,505	939
Depreciation/amortisation	14,981	17,830
Net write down of non-financial assets	110	-
(Gain) / Loss on disposal of assets	(33)	279
(Gain) / Loss on revaluation	(135)	-
(Gain) / Loss on asset stocktake	(3)	-
(Increase) / decrease in net receivables	(10,472)	(9,556)
(Increase) / decrease in inventories	(24)	(5)
(Increase) / decrease in prepayments	(254)	151
(Increase) / decrease in GST receivable	(208)	442
Increase / (decrease) in employee provisions	(178)	182
Increase / (decrease) in supplier payables	(394)	(784)
Increase / (decrease) in other provisions and payables	(143)	(826)
Net cash from / (used by) operating activities	6,752	8,652

Financial statements

Notes to and forming part of the Financial Statements

Note 11 Contingent Liabilities and Assets

Contingent asset and contingent liabilities

As at 30 June 2007 DPS had no contingent liabilities and no contingent assets.

Quantifiable Contingencies

As at 30 June 2007 DPS had no quantifiable contingencies.

Unquantifiable Contingencies

As at 30 June 2007 DPS had no unquantifiable contingencies.

Remote Contingencies

As at 30 June 2007 DPS had no remote contingencies.

	2007	2006
Note 12 Executive Remuneration		
The number of senior executives who received or were due to receive total remuneration of \$130,000 or more:		
\$145,000 to \$159,999	2	1
\$160,000 to \$174,999	3	3
\$175,000 to \$189,999	2	4
\$190,000 to \$204,999	2	-
\$205,000 to \$219,999	1	-
\$220,000 to \$234,999	-	1
\$250,000 to \$264,999	1	-
\$280,000 to \$294,999	-	1
\$370,000 to \$384,999	1	-
Total	12	10

The aggregate amount of total remuneration of executives shown above. \$2,422,712 \$1,902,852

The aggregate amount of separation and redundancy/termination benefit payments during the year to executives shown above. \$140,519 \$150,743

Remuneration includes, where paid, wages and salaries, accrued leave, performance pay, accrued superannuation, the cost of motor vehicles, housing, allowances and fringe benefits tax included in remuneration agreements.

Note 13 Remuneration of Auditors

Financial statement audit services are provided free of charge to DPS.

The fair value of services provided was: \$130,000 \$118,000

No other services were provided by the Auditor-General.

Note 14 Average Staffing Levels

The average staffing levels for DPS during the year were 757 767

Notes to and forming part of the financial statements

Note 15 Financial Instruments

Note 15A Interest Rate Risk

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate Maturing In				Non-Interest Bearing		Total		Weighted Average Effective Interest Rate	
		Rate		1 Year or Less		> 5 Years		Bearing				2006	
		2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%	%
Financial Assets													
Cash and cash equivalents		-	-	-	-	-	-	-	-	-	-	-	-
Receivables for goods and services (gross)	5A 5B	-	-	-	-	-	-	1,457	1,087	1,165	1,518	1,457	N/A
Total		-	-	-	-	-	-	2,622	2,605	2,622	2,605	2,622	N/A
Total Assets										109,498	106,693		
Financial Liabilities													
Finance lease liabilities	8	-	-	55	-	-	-	-	-	-	55	-	6.57
Trade creditors	7A	-	-	-	-	-	-	468	248	468	248	468	N/A
Total		-	-	55	-	-	-	468	248	468	248	468	303
Total Liabilities										19,095	19,826		

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Notes to and forming part of the Financial Statements

Note 15 Financial Instruments (continued)

Note 15B Net Fair Values of Financial Assets and Liabilities

Departmental		2007		2006	
		Total Carrying Amount \$'000	Aggregate Net Fair Value \$'000	Total Carrying Amount \$'000	Aggregate Net Fair Value \$'000
Financial Assets					
	Cash on hand	5A	4	4	4
	Deposits	5A	1,453	1,083	1,083
	Receivables for goods and services(net)	5B	1,155	1,508	1,508
	Total Financial Assets		2,612	2,595	2,595
Financial Liabilities (Recognised)					
	Finance lease liability	8	-	55	55
	Trade creditors	7A	486	248	248
	Total Financial Liabilities (Recognised)		486	303	303

Note 15C Credit Risk Exposures

DPS's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Balance Sheet.

DPS has no significant exposures to any concentrations of credit risk.

This note also applies to DPS's administered financial instruments and is therefore not produced at Note 21.

Financial statements**Notes to and forming part of the Financial Statements**

	2007	2006
	\$'000	\$'000
Note 16 Income Administered on Behalf of Government		
Heritage and cultural assets donated to the Parliament of Australia	3	2
Proceeds on sale of assets	-	1
Other revenue	8	-
Total income administered on behalf of Government	11	3

Note 17 Expenses Administered on Behalf of Government		
Depreciation		
Buildings	47,525	38,589
Other property, plant and equipment	1,737	2,447
Total depreciation	49,262	41,036
Assets written-down		
Artworks	-	4,001
Buildings	34	105
Total value of assets written-down	34	4,106
Value of assets sold		
Other Property, Plant and Equipment	-	19
Total expenses administered on behalf of Government	49,296	45,161

Note 18 Assets Administered on Behalf of Government		
Financial Assets		
Receivables		
GST receivable from ATO	77	81
Total financial assets administered on behalf of Government	77	81
All receivables are current		

Financial statements

Notes to and forming part of the Financial Statements

	2007	2006
	\$'000	\$'000
Note 18 Assets Administered on Behalf of Government (<i>continued</i>)		
Non-Financial Assets		
Land and buildings		
Land		
At fair value	25,000	25,000
Total land	25,000	25,000
Buildings		
At fair value	1,615,688	1,605,812
Work in progress – at cost	7,470	10,370
Total buildings	1,623,158	1,616,182
Total land and buildings	1,648,158	1,641,182
Property, plant and equipment		
Furniture, fittings and equipment		
At fair value	918	796
Total furniture, fittings and equipment	918	796
Plant and equipment		
At fair value	4,416	27,363
Total plant and equipment	4,416	27,363
Total property, plant and equipment	5,334	28,159
Heritage and cultural assets		
At fair value	58,219	58,192
Work in progress—at cost	690	432
Total heritage and cultural assets	58,909	58,624
Total non-financial assets administered on behalf of Government	1,712,401	1,727,965
Total assets administered on behalf of Government	1,712,478	1,728,046
All formal revaluations are independent and are conducted in accordance with the revaluation policy stated at Note 1.18. In 2006-07, the formal revaluation was conducted by an independent valuer, A F Graham, Certified Practising Valuer, Australian Valuation Office.		
No indicators of impairment were found for land and buildings, and property, plant and equipment.		

Notes to and forming part of the Financial Statements

Note 18 (continued)

TABLE A Reconciliation of the opening and closing balances of land and buildings, property, plant and equipment and heritage and cultural assets (2006-07).

Item	Land and Buildings \$'000	Property, Plant and Equipment \$'000	Heritage and Cultural Assets \$'000	Total \$'000
As at 1 July 2006				
Gross book value	1,763,271	55,874	58,624	1,877,769
Accumulated depreciation/amortisation	(122,089)	(27,715)	n/a	(149,804)
Net book value 1 July 2006	1,641,182	28,159	58,624	1,727,965
Additions:				
By donation	-	-	3	3
By purchase	3,808	208	282	4,298
By transfer from WTP	(87)	87	-	-
Revaluations through equity	29,431	-	-	29,431
Reclassification	21,349	(21,349)	-	-
Depreciation/amortisation expense	(47,525)	(1,737)	-	(49,262)
Disposals:				
By sale	-	(34)	-	(34)
Net book value 30 June 2007	1,648,158	5,334	58,909	1,712,401
Net book value as of 30 June 2007 represented by:				
Gross book value	1,875,206	15,972	58,909	1,950,087
Accumulated depreciation	(227,048)	(10,638)	-	(237,686)
	1,648,158	5,334	58,909	1,712,401

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Notes to and forming part of the Financial Statements

Note 18 (continued)
TABLE A Reconciliation of the opening and closing balances of land and buildings, property, plant and equipment and heritage and cultural assets (2005-06)

Item	Land and Buildings \$'000	Property, Plant and Equipment \$'000	Heritage and Cultural Assets \$'000	Total \$'000
As at 1 July 2005				
Gross book value	1,368,447	34,016	62,133	1,464,596
Accumulated depreciation/amortisation	(74,930)	(4,577)	n/a	(79,507)
Net book value 1 July 2005	1,293,517	29,439	62,133	1,385,089
Additions:				
By donation			2	2
By purchase	8,974	80	490	9,544
By transfer from WIP	(951)	951	-	Nil
Depreciation/amortisation expense	(38,589)	(2,447)	-	(41,036)
Net revaluation / (decrement)	378,336	155	-	378,491
Disposals				
By sale	(105)	(19)	-	(124)
By adjustment for assets held in trust			(4,001)	(4,001)
Net book value 30 June 2006	1,641,182	28,159	58,624	1,727,965
Net book value as of 30 June 2006 represented by:				
Gross book value	1,763,271	55,874	58,624	1,877,769
Accumulated depreciation	(122,089)	(27,715)	n/a	(149,804)
	1,641,182	28,159	58,624	1,727,965

¹ Prior to 2005-06, PP&E assets were held at the net revalued figure. The 2005-06 revaluation adjustment was recorded at the gross amount (gross book value increase of \$20,886m and accumulated depreciation increase of \$20,731m).

Notes to and forming part of the Financial Statements

Note 18 (continued)

TABLE B Assets under construction (2006-07)

Item	Land and Buildings \$'000	Property, Plant and Equipment \$'000	Heritage and Cultural Assets \$'000	Total \$'000
Gross value at 30 June 2007	7,470	-	690	8,160
Gross value at 1 July 2006	10,370	-	432	10,802
TABLE B Assets under construction (2005-06)				
Gross value at 30 June 2006	10,370	-	432	10,802
Gross value at 1 July 2005	19,558	Nil	385	19,943

TABLE C Assets held in trust (2006-07)

Item	Land and Buildings \$'000	Property, Plant and Equipment \$'000	Heritage and Cultural Assets \$'000	Total \$'000
Gross value at 30 June 2007	-	-	4,001¹	4,001
Gross value at 1 July 2006	-	-	4,001 ¹	4,001
TABLE C Assets held in trust (2005-06)				
Gross value at 30 June 2006	-	-	4,001¹	4,001
Gross value at 1 July 2005	-	-	-	Nil

¹ Heritage and cultural assets on permanent loan to enhance the Parliament House art collection.

Financial statements

Notes to and forming part of the Financial Statements

	2007 \$'000	2006 \$'000
Note 19 Liabilities Administered on Behalf of Government		
Payables		
Suppliers—trade creditors	3	107
Total Liabilities Administered on behalf of Government	3	107

All payables are current liabilities.

Note 20 Administered Reconciliation Table		
Opening administered assets less administered liabilities at 1 July	1,727,939	1,385,036
Plus: Administered revenues	11	3
Asset Revaluations	29,431	378,491
Less: Administered expenses	(49,296)	(45,161)
Administered transfers to/from Australian Government:		
Appropriation transfers from OPA:		
Annual appropriations	-	6,357
Administered assets and liability appropriation	4,397	3,214
Transfers to OPA:		
Administered Receipts	(8)	(1)
Other	1	-
Closing administered assets less administered liabilities as at 30 June	1,712,475	1,727,939

Notes to and forming part of the Financial Statements

Note 21 Administered Financial Instruments

Administered Interest Rate Risk

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate			Non-Interest Bearing		Total		Weighted Average Effective Interest Rate		
		2007 \$'000	2006 \$'000	1 Year or Less	1 to 5 Years		> 5 Years	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 %	2006 %
					2007 \$'000	2006 \$'000							
Financial Assets													
Cash	18	-	-	-	-	-	-	-	-	-	-	N/A	N/A
Total		-	-	-	-	-	-	-	-	-	-	-	-
Total Assets										1,712,478	1,728,046		
Financial Liabilities													
Trade creditors	19	-	-	-	-	-	-	-	-	3	24	N/A	N/A
Total		-	-	-	-	-	-	-	-	3	24		
Total Liabilities										3	107		

Notes to and forming part of the Financial Statements

Note 22A. Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund (CRF) for Ordinary Annual Services Appropriations (continued)

Particulars	Administered Expenses		Departmental Outputs		Total	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Cash payments made during the year (GST inclusive)	(4,390)	(6,986)	(116,025)	(114,640)	(120,415)	(121,626)
Balance of Authority to Draw Cash from the CRF for Ordinary Annual Services Appropriations	10,308	1,729	57,150	46,285	67,458	48,014
Represented by:						
Cash at bank and on hand						
Departmental appropriations receivable			1,457	1,087	1,457	1,087
Receivables-GST receivable from the ATO			55,693	44,865	55,693	44,865
Undrawn, unapplied administered appropriations				333		333
Total	10,308	1,729	57,150	46,285	67,458	48,014

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Notes to and forming part of the Financial Statements

Note 22 Appropriations (continued)

Note 22B: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund (CRF) for Other than Ordinary Annual Services Appropriations

Particulars	Administered	
	2007 Equity \$'000	2006 Equity \$'000
Year ended 30 June		
Balance carried from previous year	368	3,582
Appropriations to take account of recoverable GST (FMA s 30A)	-	321
Total appropriations available for payments	368	3,903
Cash payments made during the year (GST inclusive)	(360)	(3,535)
Balance of Authority to Draw Cash from the CRF for Other Than Ordinary Annual Services Appropriations	8	368
Represented by:		
Undrawn, unexpired administered appropriations	8	368

Financial statements**Notes to and forming part of the Financial Statements****Note 23 Special Accounts***Services for Other Governments and Non-Agency Bodies Special Account*

This account was established under section 20 of the *Financial Management and Accountability Act 1997* for expenditure in connection with services performed on behalf of other governments and bodies that are not agencies under the *Financial Management and Accountability Act 1997*. For the period ending 30 June 2007 this special account had a \$Nil balance and there were no transactions debited or credited for the purposes of the account.

However, this special account is considered to provide the legal basis for the monies advanced by Comcare and held by DPS and the payments made against accrued sick leave entitlements. Pending determination of an employee's claim, permission is obtained in writing from each individual to allow DPS to recover the payments from the monies in the account.

Comcare Account	2007	2006
	\$'000	\$'000
<i>Legal Authority: Safety, Rehabilitation and Compensation Act 1998</i>		
<i>Purpose: for the purpose of distributing compensation payments in accordance with this Act.</i>		
Balance carried from previous period	58	17
Receipts	335	206
Available for payments	393	223
Payments made	(342)	(165)
Balance carried to next year held by DPS	51	58
<i>Represented by:</i>		
Cash - held by DPS	51	58

Financial statements

Notes to and forming part of the Financial Statements

Note 24 Specific Payment Disclosures

	2007	2006
	\$	\$
No Act of Grace Payments were made during the reporting period, pursuant to subsection 33(1) of the <i>Financial Management and Accountability Act 1997</i> (2006: No payments).	<u>Nil</u>	<u>Nil</u>
No waivers of an amount owing to the Commonwealth were made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> (2006: No waivers).	<u>Nil</u>	<u>Nil</u>
No payments were made under the "Scheme for Compensation for Detriment caused by Defective Administration" during the reporting period (2006: No payments).	<u>Nil</u>	<u>Nil</u>
No ex-gratia payments were provided for during the reporting period. (2006: No payments)	<u>Nil</u>	<u>Nil</u>
No payments were made during the reporting period under section 66 of the <i>Parliamentary Service Act 1999</i> (2006: No payments).	<u>Nil</u>	<u>Nil</u>

Financial statements**Notes to and forming part of the Financial Statements****Note 25 Reporting of Outcomes**

The department uses activity-based costing principles to attribute its shared items. Personnel costs are allocated to output groups based on the number of staff, other corporate costs are allocated on an equal share. The model also attributes the costs of providing other internal services between output groups. These are computing services, telecommunication services and accommodation services. The total of the internal cost is determined and allocated to the output groups based on numbers of staff.

Note 25A Net cost of Outcome Delivery

	Outcome 1	
	2007	2006
	\$'000	\$'000
Administered expenses	49,296	45,161
Departmental expenses	118,136	118,683
Total expenses	167,432	163,844
<i>Costs recovered from provision of goods and services to the non-government sector</i>		
Administered	11	3
Departmental	2,131	2,098
Total costs recovered	2,142	2,101
<i>Other external revenues</i>		
Departmental		
Other	300	257
Goods and services revenue from related entities	4,179	4,417
Total other external revenues	4,479	4,674
Net cost of outcome	160,811	157,069

The outcome is described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget outcome. Refer to the Outcome Resourcing Table in the Departmental Overview of this Annual Report.

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Notes to and forming part of the Financial Statements

Note 25 Reporting of Outcomes (continued)

Note 25B Major Classes of Departmental Revenue and Expenses by Outputs

	Output Group 1.1		Output Group 1.2		Output Group 2.1		Output Group 2.2	
	2006	2007	2006	2007	2006	2007	2006	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Outcome 1								
Departmental Expenses	9,154	9,570	5,388	5,922	13,051	13,051	4,092	4,305
Employee benefits	1,291	1,516	2,273	2,846	12,263	12,263	5,675	5,927
Suppliers	305	403	1,662	1,245	4,312	4,312	187	202
Depreciation and amortisation	14	36	37	14	14	14	14	37
Other expenses								
Total departmental expenses	10,764	11,525	9,360	10,027	29,640	29,640	9,968	10,471
Funded by:								
Revenues from government	10,946	10,755	9,216	9,380	26,860	26,860	8,750	8,597
Sale of goods and services	124	172	151	106	570	567	1,883	1,879
Rental income	39	39	30	30	78	77	854	840
Other revenue	33	14	67	67	34	34	34	12
Other gains	21	0	1	23	22	22	21	0
Total departmental revenues	11,163	10,980	9,446	9,606	27,564	27,564	11,542	11,328

Notes to and forming part of the Financial Statements

Note 25 Reporting of Outcomes (continued)

Note 25B Major Classes of Departmental Revenue and Expenses by Outputs (continued)

Outcome 1	Output Group 3.1		Output 3		Output Group 3.2		Output Group 4.1		Output Group 4.2	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental Expenses										
Employees	10,013	8,717	7,920	7,966	4,194	3,583	7,942	7,856		
Suppliers	9,349	9,199	5,956	6,210	1,067	1,186	2,309	2,555		
Depreciation and amortisation	971	1,092	6,861	7,384	488	256	612	915		
Other expenses	14	37	14	37	13	36	14	36		
Total departmental expenses	20,347	19,045	20,751	21,597	5,762	5,061	10,877	11,362		
Funded by:										
Revenues from government	21,716	21,336	21,628	21,250	4,780	4,696	10,800	10,610		
Sale of goods and services	391	721	1,638	1,379	318	338	120	165		
Rental income	59	58	44	43	18	18	38	37		
Other revenue	33	126	33	14	33	14	33	14		
Other gains	21	0	21	0	21	0	21	0		
Total departmental revenues	22,220	22,241	23,364	22,686	5,170	5,066	11,012	10,826		

Financial statements

Notes to and forming part of the Financial Statements

Outcome 1	Total	
	2007	2006
	\$'000	\$'000
Departmental Expenses		
Employees	62,288	58,255
Suppliers	40,756	42,305
Depreciation and amortisation	14,981	17,830
Other expenses	111	293
Total departmental expenses	118,136	118,683
Funded by:		
Revenues from government	114,860	112,850
Sale of goods and services	5,150	5,372
Rental income	1,160	1,142
Other revenue	300	257
Other gains	171	1
Total departmental revenues	121,641	119,622

Financial statementsNotes to and forming part of the Financial Statements**Note 25 Reporting of Outcomes (continued)**Note 25C Major Classes of Administered Revenue and Expenses by Outcome

	Outcome 1	
	2007	2006
	\$'000	\$'000
Administered Revenues		
Revenue from sale of assets	-	1
Other receipts	8	
Heritage and cultural assets donated to the Parliament of Australia	3	2
Total Administered Revenues	11	3
Administered expenses		
Depreciation and amortisation	49,262	41,036
Write down of assets	34	4,106
Value of assets sold	-	19
Total Administered Expenses	49,296	45,161

DPS's Outcome is described in Note 1.1.

Net costs shown include intra-government costs that are eliminated in calculating the Budget outcome.

